



India 2012-Power For All
NTPC 2012-50000 MW

ANNUAL
REPORT
2008-2009

VISION

“A WORLD CLASS INTEGRATED POWER MAJOR,
POWERING INDIA’S GROWTH,
WITH INCREASING GLOBAL PRESENCE”

CORE VALUES

(B-COMIT)

BUSINESS ETHICS

CUSTOMER FOCUS

ORGANISATIONAL & PROFESSIONAL PRIDE

MUTUAL RESPECT & TRUST

INNOVATION & SPEED

TOTAL QUALITY FOR EXCELLENCE

CORPORATE MISSION

“DEVELOP AND PROVIDE RELIABLE POWER, RELATED PRODUCTS
AND SERVICES AT COMPETITIVE PRICES, INTEGRATING MULTIPLE
ENERGY SOURCES WITH INNOVATIVE AND ECO-FRIENDLY
TECHNOLOGIES AND CONTRIBUTE TO SOCIETY ”



CORPORATE OBJECTIVES

To realise the vision and mission, eight key corporate objectives have been identified. These objectives would provide the link between the defined mission and the functional strategies:

■ Business portfolio growth

- To further consolidate NTPC's position as the leading thermal power generation company in India and establish a presence in hydro power segment.
- To broaden the generation mix by evaluating conventional and non-conventional sources of energy to ensure long run competitiveness and mitigate fuel risks.
- To diversify across the power value chain in India by considering backward and forward integration into areas such as power trading, transmission, distribution, coal mining, coal beneficiation, etc.
- To develop a portfolio of generation assets in international markets.
- To establish a strong services brand in the domestic and international markets.

■ Customer Focus

- To foster a collaborative style of working with customers, growing to be a preferred brand for supply of quality power.
- To expand the relationship with existing customers by offering a bouquet of services in addition to supply of power e.g. trading, energy consulting, distribution consulting, management practices.
- To expand the future customer portfolio through profitable diversification into downstream businesses, inter alia retail distribution and direct supply.
- To ensure rapid commercial decision making, using customer specific information, with adequate concern for the interests of the customer.

■ Agile Corporation

- To ensure effectiveness in business decisions and responsiveness to changes in the business environment by:
 - Adopting a portfolio approach to new business development.
 - Continuous and co-ordinated assessment of the business environment to identify and respond to opportunities and threats.
- To develop a learning organisation having knowledge-based competitive edge in current and future businesses.
- To effectively leverage Information Technology to ensure speedy decision making across the organisation.

■ Performance Leadership

- To continuously improve on project execution time and cost in order to sustain long run competitiveness in generation.
- To operate & maintain NTPC stations at par with the best-run utilities in the world with respect to availability, reliability, efficiency, productivity and costs.
- To effectively leverage Information Technology to drive process efficiencies.

- To aim for performance excellence in the diversification businesses.
- To embed quality in all systems and processes.

■ Human Resource Development

- To enhance organisational performance by institutionalising an objective and open performance management system.
- To align individual and organisational needs and develop business leaders by implementing a career development system.
- To enhance commitment of employees by recognising and rewarding high performance.
- To build and sustain a learning organisation of competent world-class professionals.
- To institutionalise core values and create a culture of team-building, empowerment, equity, innovation and openness which would motivate employees and enable achievement of strategic objectives.

■ Financial Soundness

- To maintain and improve the financial soundness of NTPC by prudent management of the financial resources.
- To continuously strive to reduce the cost of capital through prudent management of deployed funds, leveraging opportunities in domestic and international financial markets.
- To develop appropriate commercial policies and processes which would ensure remunerative tariffs and minimise receivables.
- To continuously strive for reduction in cost of power generation by improving operating practices.

■ Sustainable Power Development

- To contribute to sustainable power development by discharging corporate social responsibilities.
- To lead the sector in the areas of resettlement and rehabilitation and environment protection including effective ash-utilisation, peripheral development and energy conservation practices.
- To lead developmental efforts in the Indian power sector through efforts at policy advocacy, assisting customers in reforms, disseminating best practices in the operations and management of power plants etc.

■ Research and Development

- To pioneer the adoption of reliable, efficient and cost-effective technologies by carrying out fundamental and applied research in alternate fuels and technologies.
- To carry out research and development of breakthrough techniques in power plant construction and operation that can lead to more efficient, reliable and environment friendly operation of power plants in the country.
- To disseminate the technologies to other players in the sector and in the long run generating revenue through proprietary technologies.



REFERENCE INFORMATION

Registered Office

NTPC Bhawan, SCOPE Complex ,
7, Institutional Area, Lodi Road,
New Delhi – 110 003
Phone No. : 011-2436 0100
Fax No. : 011-2436 1018
Web site : www.ntpc.co.in

Subsidiaries

NTPC Electric Supply Company Ltd.
NTPC Hydro Ltd.
NTPC Vidyut Vyapar Nigam Ltd.
Pipavav Power Development Company Ltd.
Kanti Bijlee Utpadan Nigam Limited
Bhartiya Rail Bijlee Company Limited

Registrar & Share Transfer Agent

Karvy Computershare Pvt. Ltd.
17-24, Vittal Rao Nagar, Madhapur
Hyderabad – 500 081
Phone No. : 040-2342 0815-28
Fax No. : 040-2342 0814
E- Mail – Id : mailmanagar@karvy.com

Shares listed at

National Stock Exchange of India Limited
Bombay Stock Exchange Limited

Depositories

National Securities Depository Limited
Central Depository Services (India) Limited

Company Secretary

A.K. Rastogi

Bankers

Allahabad Bank
Andhra Bank
Bank of Baroda
Bank of India
Canara Bank
Central Bank of India
Citi Bank, NA
Dena Bank
Indian Overseas Bank
ICICI Bank Ltd.
Jammu & Kashmir Bank Ltd.
Oriental Bank of Commerce
Punjab National Bank
Punjab & Sind Bank
State Bank of Bikaner & Jaipur
State Bank of Mysore
State Bank of Hyderabad
State Bank of India
State Bank of Patiala
State Bank of Travancore
UCO Bank
Union Bank of India
United Bank of India
Vijaya Bank

Auditors

M/s Varma & Varma
M/s B.C. Jain & Co.
M/s Parakh & Co.
M/s S.K. Mittal & Co.
M/s Dass Gupta & Associates
M/s S.K. Mehta & Co.



CONTENTS

• Letter to Shareholders	5
• Notice of AGM	7
• Achievements & Accolades	16
• Station-wise Generation	18
• Selected Financial Information	20
• Directors' Profile	21
• Senior Management Team	25
• Directors' Report	26
• Management Discussion and Analysis	39
• Report on Corporate Governance	66
• Accounting Policies	98
• Balance Sheet	102
• Profit & Loss Account	103
• Cash Flow Statement	104
• Auditors' Report	137
• Comments of Comptroller & Auditor General of India and Management Replies thereon	140
• Employee Cost Summary	142
• Revenue Expenditure on Social Overheads	142
• Fund Flow Statement	143
• Subsidiary Companies	144
• Consolidated Financial Statements	182

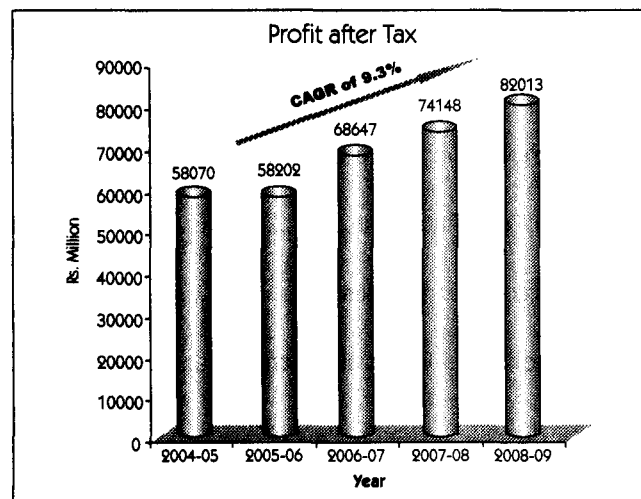
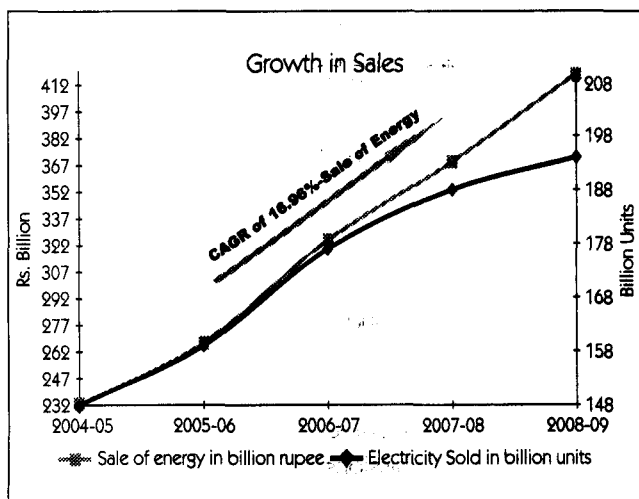


THE YEAR AT A GLANCE

		2009	2008
Gross Generation	Million Units	206939	200863
Commercial Generation	"	206156	200280
Energy sent out	"	193688	187988
Sale of Energy	Rs. Million	417913	369462
Profit before tax	"	93595	102549
Profit after tax	"	82013	74148
Dividend	"	29683	28859
Dividend tax	"	5017	4905
Retained Earnings	"	47313	40384
Net Fixed Assets	"	329377	260937
Net Worth	"	573701	526386
Loan Funds	"	345678	271906
Capital Employed	"	641834	588868
Net Cash From Operations	"	96881	97860
Value Added	"	140548	127538
No. of Employees #	Number	23639	23674
Value added per employee	Rs Million	5.95	5.39
Debt to Equity	Ratio	0.60	0.52
Debt Service Coverage Ratio (DSCR)	Times	3.67	4.16
Interest Service Coverage Ratio (ISCR)	Times	10.19	13.02
Return on Capital Employed	%	14.29	14.07
Face Value Per share	Rs.	10.00	10.00
Dividend Per Share	"	3.60*	3.50
Book Value Per Share	"	69.58	63.84
Earnings Per Share	"	9.95	8.99

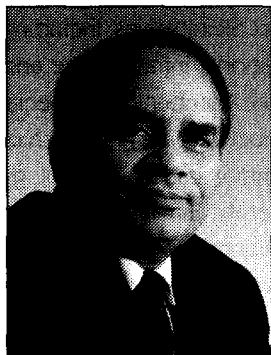
excluding JVs and Subsidiaries

*including final dividend recommended by the Board





LETTER TO SHAREHOLDERS



Dear fellow share-owner of NTPC,

Your Company has posted impressive operational and financial numbers during a period marked by economic slow down and market volatility.

NTPC's total income reached Rs. 452.56 billion, an increase of 13.11% over the previous year. Your Company earned a profit of Rs. 82.01 billion, an increase of 10.61% over the previous year.

Your Company's performance in the stock market remained rock solid during a period witnessing unprecedented erosion in the value of most of the stocks. It had the third largest market capitalization of over Rs. 1482 billion as on March 31, 2009. Your Company also paid the highest ever dividend amounting to Rs. 29.68 billion at the rate of 36 per cent. The Company realized

100% payment of the current bills from its customers indicating sound commercial performance. The total asset value of your Company crossed Rs. 1.0 trillion (Rs. 1,05,225 crore) and it leverages these assets to maximize the return on your investment.

These impressive results are based upon sound operational performance indicated in all time high Availability Factor of 92.47% and PLF of 91.14% of the coal based stations. 10 coal based stations achieved more than 90% PLF with 4 achieving above 95% PLF. Your Company accounted for 28.60% of the national power generation with 18.82% of the country's capacity.

We have taken major steps for ensuring fuel security in order to sustain the high generation levels of your Company. We have entered into a Model Coal Supply Agreement with Coal India Ltd. for a period of 20-years with guaranteed supply at 90% of the Annual Contracted Quantity. We are signing an agreement with GAIL for supply of RLNG for a period of 10 years. For sustained long term supply of APM category gas by GAIL, we are also renewing the APM Agreement up to the year 2021 and PMT Agreement up to the year 2019. Your Company is also working for tie-ups of additional domestic gas/RLNG on long term commitment basis to further augment its fuel supply.

Your Company's growth is on the fast-track. Capacity aggregating to 17,930 MW is under implementation and preparatory work is underway for another 25,000 MW. NTPC is going to become a 50,000 MW Company by the year 2012 and a 75,000 MW Company by 2017. We have intensified our project monitoring activities with focus on solid execution and accelerated growth by imparting new thrust upon Information & Communication Technology (ICT) enabled processes.

NTPC is being 'built to last' as a great organization. We are in the process of formulating a Corporate Plan for the period up to the year 2032. Long-term planning horizons, maintaining financial stability with strong balance-sheet, good cash flow and focus on operational costs and productivity determine our major decisions.

Your Company is going to add new electricity supply capacity and at the same time set high environmental standards through adoption of super critical and ultra super critical parameters for higher efficiency and reduced environmental impact. Your Company is diversifying its fuel mix, promoting renewable energy and aligning its priorities with the National Action Plan for Climate Change.

With focus on 'green power' and efficiency, we have restructured our R&D set up and have established NTPC Energy Technology & Research Alliance (NETRA) to focus on research and technology development relating to green power and efficiency improvement. We are developing a technology roadmap for the period up to the year 2027. NTPC's Centre for Power Efficiency & Environmental Protection (CenPEEP) has demonstrated various state-of-the-art technologies and practices for improvement in generation efficiency and the consequent reduction in GHG emissions. Ministry of Power, NTPC and



Japan International Cooperation Agency (JICA) have decided to undertake a study on enhancing efficiency of some operating thermal plants in NTPC.

Your Company is engaged in strengthening the communities around its business units and is making a positive difference in the lives of the people in other areas too. We are connected with the society through our various CSR initiatives, including those in the areas of providing sanitation, drinking water, building rural roads, providing educational infrastructure and facilities. We have adopted 16 Industrial Training Institutes (ITIs) and are setting up 6 new ITIs. Your Company lays special emphasis on providing support to the physically challenged and making them economically productive. The first batch of physically challenged students have successfully completed training at the Information & Communication Technology (ICT) Centre established by 'NTPC Foundation' and the 'Equal Opportunities Cell' of Delhi University. Similar ICT Centres have started functioning at Thiruvananthapuram and Mysore for the visually challenged. The Foundation is setting up similar facilities in Lucknow and Ajmer. Your Company is providing support for basic and vocational education for women by way of promoting gender justice and women empowerment. We are engaged in electrification work of nearly 38,527 villages, including 27,00,000 households below poverty line in 6 States and a Union Territory under the Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY). Your Company is expanding and deepening its CSR initiatives.

Your Company has an enterprise-wide-risk management framework in place. This, in conjunction with the strong corporate governance practices, transparency and fairness in our dealings, has further strengthened the robust corporate image of your Company.

The credit for the excellent performance of the Company goes to the members of Team-NTPC, who are known for their **"Can do it spirit"**. We are focused as much on employee growth and development as on assets growth and earnings.

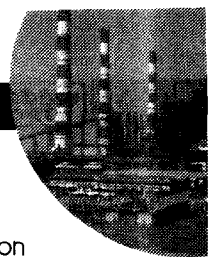
Your Company has the capabilities and opportunities to build upon its position as the leading utility in the Indian power sector and as one of the best utilities in the world. Capitalizing on your organization's strengths and advantages, we are moving ahead with intense focus on targets and deliverables. With confidence in the outlook of the Company, we are committed to vindicate the trust you have reposed in us and to fulfil the expectations of all the stakeholders.

With best wishes,

Yours sincerely,

(R.S. Sharma)

Chairman & Managing Director



NOTICE

NOTICE is hereby given that the **Thirty Third Annual General Meeting** of the members of **NTPC Limited** will be held on **Thursday, September 17, 2009 at 11.00 a.m.** at Air Force Auditorium, Subroto Park, New Delhi - 110 010, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2009 and Profit & Loss Account for the financial year ended on that date together with Report of the Board of Directors and Auditors' thereon.
2. To confirm payment of interim dividend and declare final dividend for the year 2008-09.
3. To appoint a Director in place of Shri Chandan Roy, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri R.K. Jain, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri A.K. Singhal, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Shri M.N. Buch, who retires by rotation and being eligible, offers himself for re-appointment.
7. To fix the remuneration of the Auditors.

SPECIAL BUSINESS

8. To consider and, if thought fit, to pass with or without modification(s), the following resolutions as Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956 or any amendment, modification or supersession thereof, the existing Article 61 and Article 62 of the Articles of Association of the Company be and are hereby altered by substituting with the following Article 61 and Article 62 respectively:-

Accounts to be audited annually

Article 61: Once at least in every financial year the accounts of the Company shall be examined and a report on the true and fair view of the state of affairs in case of the Balance Sheet and of the profit or loss in case of Profit & Loss Account as per Section 227 of the Act shall be given by one or more auditors.

Appointment of auditors

Article 62: The Auditor/ Auditors of the Company shall be appointed or re-appointed by the Comptroller and Auditor General of India in accordance with the provisions of Section 619 of the Act."

By order of the Board of Directors

(A.K. Rastogi)

Company Secretary

Regd. Office:

NTPC Bhawan, 7 Institutional Area,
Lodi Road, New Delhi-110003
Date: August 1, 2009



NOTES :-

1. The Explanatory Statement, pursuant to Section 173 of the Companies Act, 1956, in respect of special business under Item No. 8 above is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. IN ORDER TO BE EFFECTIVE, THE PROXY FORM DULY COMPLETED SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY - EIGHT HOURS BEFORE THE SCHEDULED TIME OF THE ANNUAL GENERAL MEETING. BLANK PROXY FORM IS ENCLOSED.**
3. The Register of Members and Share Transfer Books of the Company will remain closed from September 5, 2009 to September 17, 2009 (both days inclusive). The final dividend on equity shares, as recommended by the Board of Directors, subject to the provisions of Section 206A of the Companies Act, 1956, if declared at the Annual General Meeting, will be paid on or after September 22, 2009 to the Members or their mandates whose names appear on the Company's Register of Members on September 17, 2009 in respect of physical shares. In respect of dematerialized shares, the dividend will be payable to the "beneficial owners" of the shares whose names appear in the Statement of Beneficial Ownership furnished by National Securities Depository Limited and Central Depository Services (India) Limited as at the close of business hours on September 4, 2009.
4. Members are requested to:-
 - i) note that copies of Annual Report will not be distributed at the Annual General Meeting.
 - ii) bring their copies of Annual Report, Notice and Attendance Slip duly completed and signed at the meeting.
 - iii) deliver duly completed and signed Attendance Slip at the entrance of the meeting venue as entry to the Hall will be strictly on the basis of the entry slip available at the counters at the venue to be exchanged with the attendance slip.
 - iv) quote their Folio / Client ID & DP ID Nos. in all correspondence.
 - v) **note that due to strict security reasons mobile phones, brief cases, eatables and other belongings are not allowed inside the Auditorium.**
 - vi) note that no gifts/coupons will be distributed at the Annual General Meeting.
5. Members are advised to submit their Electronic Clearing System (ECS) mandates, to enable the Company to make remittance by means of ECS. Those holding shares in physical form may obtain and send the ECS mandate form to Karvy Computershare Private Limited, Registrar & Share Transfer Agent of the Company. Those holding shares in Electronic Form may obtain and send the ECS mandate form directly to their Depository Participant (DP). Those who have already furnished the ECS Mandate Form to the Company/ Registrar & Share Transfer Agent /DP with complete details need not send it again.

The shareholders who do not wish to opt for ECS facility may please mail their bankers' name, branch address and account number to Karvy Computershare Private Limited, Registrar & Share Transfer Agent of the Company to enable them to print these details on the dividend warrants.
6. Members holding shares in multiple folios in physical mode are requested to apply for consolidation to the Company or its Registrar & Share Transfer Agent alongwith relevant Share Certificates.
7. SEBI has made it mandatory for the transferee(s) to furnish a copy of PAN card to the Company/RTAs for registration of transfers and for securities market transactions and off-market/ private transactions involving transfer of shares in physical